

Message Text

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ACTION EB-08

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DEPT PASS JACQUELINE CRUMPLER, INSURANCE DIV/OPIC

EO 11652: N/A
TAGS: ENRG, SGEN, SOPN, EINV, PN
SUBJECT: PANAMANIAN TRANSSHIPMENT FACILITY FOR ALASKAN OIL

REF: (A) PANAMA 1429; (B) PANAMA 6163 (8/26/77); (C) STATE 051579

SUMMARY: CHIEF OF GOVERNMENT OMAR TORRIJOS AND VICE PRESIDENT GERARDO GONZALEZ JOINED 250 RANKING GOP AND US AND PANAMANIAN REPS AT THE GROUNDBREAKING CEREMONY OF NORTHVILLE'S ONSHORE VENTURE AT PUERTO ARMUELLES APRIL 29. THE VENTURE WAS HAILED BY THE GENERAL AS ONE WHICH WOULD HAVE AN ECONOMIC AND SOCIAL IMPACT ON PANAMA. THE PROJECT IS EXPECTED TO BE COMPLETED BY DECEMBER 1978. IN THE MEANTIME, NORTHVILLE'S PRESENT OFFSHORE FACILITY HAS BEEN REINFORCED WITH A SECOND SUPER TANKER SINCE LAST MARCH TO COPE WITH THE OIL GLUT FROM ALASKA.
END SUMMARY.
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1. NORTHVILLE'S ONSHORE OIL TRANSSHIPMENT VENTURE
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WITH GOP (PETROTERMINAL DE PANAMA, S.A.) IS UNDERWAY, FOLLOWING AN IMPRESSIVE AND WELL-PUBLICIZED GROUND-BREAKING CEREMONY AT CHARCO AZUL, PUERTO ARMUELLES, APRIL 29. THE EVENT WAS ATTENDED BY ABOUT 1500 AND INCLUDED 250 GOP AND PRIVATE BUSINESS REPS. IT WAS MARKED WITH PRESENCE OF CHIEF OF GOVERNMENT GENERAL OMAR TORRIJOS, VICE PRESIDENT, GERARDO GONZALEZ, KEY CABINET

MINISTERS AND GOP AGENCY HEADS. THE GATHERING ALSO COMPRISED EXECUTIVE OFFICERS OF NORTHVILLE, SOHIO, TELLEPSEN/WALLACE, TEXACO, GULF, CHASE MANHATTAN AND FIRST NATIONAL BANK OF BOSTON. NORTHVILLE'S OFFICIAL GUESTS FROM WASHINGTON WERE: JAMES C. ROGERS, JR., COUNSEL, COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, HOUSE OF REPRESENTATIVES; C. DEMING COWLES, LEGISLATIVE AIDE TO SENATOR MIKE GRAVEL; AND JOHN GURR FROM OPIC.

2. IN HIS BRIEF SPEECH FOR THE OCCASION, MENDEL GRYNSZTEJN, NORTHVILLE EXECUTIVE AND PRESIDENT OF PETROTERMINAL DE PANAMA (PTP), STATED THAT PANAMA WAS ONE OF THE FEW COUNTRIES IN THE WORLD IN WHICH ONE COULD STILL DO BUSINESS AND THAT WAS WHY HIS COMPANY WAS INVESTING \$45 MILLION IN THE TRANSSHIPMENT COMPLEX. PROCEEDS FROM THE VENTURE, HE ADDED, WOULD EASE THE FINANCIAL BURDEN OF MANY PANAMANIAN WORKERS AND PROVIDE PANAMA WITH INCALCULABLE FOREIGN EXCHANGE INCOME. SOHIO'S PRESIDENT, FRANK MOISIER, ALSO ECHOED GRYNSZTEJN'S SENTIMENTS.

3. GENERAL TORRIJOS RESPONDED THAT PANAMA ENVISIONED NOT ONLY ECONOMIC BUT SOCIAL BENEFITS AS WELL FOR ITS WORKERS. HE HINTED THAT PTP OUGHT TO EMULATE UNITED FRUIT, I.E., IN PROVIDING FREE HOUSING, EDUCATION AND MEDICAL CARE. THE GENERAL PROMISED PROMPT FINANCIAL ASSISTANCE TO RECENT FIRE VICTIMS AND TO PLACARD-CARRYING PEASANT WOMEN PROTESTING RISING FOOD PRICES, LIMITED OFFICIAL USE

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ESPECIALLY MEAT. END UNCLASSIFIED.

4. PTP GENERAL MANAGER, JOSE AROSEMENA, INFORMED COM COUNSELOR--WHO ALSO ATTENDED THE CEREMONY--THAT STEEL STRUCTURE FOR THE THREE 850,000 BARREL-CAPACITY STORAGE TANKS WAS IN THE PROCESS OF BEING SHIPPED PARTLY BY CHICAGO BRIDGE & IRON CO. (CBI) AND PARTLY BY ITS JAPANESE AFFILIATE. THE NY-BASED GERMAN FIRM, KLOCKNER, WAS TO FURNISH THE PUMPING EQUIPMENT. AROSEMENA ALSO REPORTED THAT ABOUT 400 PANAMANIAN (600 PEAK PERIOD) WERE WORKING AROUND THE CLOCK UNDER COMBINED TELLEPSEN/WALLACE/CBI MANAGEMENT AND THAT TARGET DATE WAS DECEMBER 1978. MINISTER OF COMMERCE & INDUSTRIES, JULIO SOSA, INTERJECTED WITH COMMENT HE HOPED FOR OCTOBER 1978 BECAUSE OF THE COSTLY DAILY EXPENDITURES ESTIMATED AT \$80,000.

5. MEANWHILE, PTP'S OFFSHORE VENTURE (REF B) HAS BEEN REINFORCED WITH A SECOND BRITISH PETROLEUM SUPER TANKER, "BRITISH RENOWN", SINCE EARLY MARCH, THEREBY INCREASING THE COMBINED TANK FARM CAPACITY TO 1.63 MILLION BARRELS.

6. SUCH HAS BEEN THE OIL GLUT RECENTLY THAT EXXON AND

ATLANTIC RITCHFIELD--WHICH HITHERTO CONCENTRATED ON U.S. WEST COAST--BEGAN DELIVERING CRUDE TO U.S. GULF AND EAST COAST CUSTOMERS DIRECTLY FROM ALASKA THROUGH THE CANAL LATE APRIL. PTP AROSEMENA EXPECTED THAT EXXON WOULD SOON BECOME PTP'S SECOND CUSTOMER.

7. COMMENTS: COM COUNSELOR OBSERVED THAT GOP DIGNATORIES WENT OUT OF THEIR WAY TO PLEASE THEIR AMERICAN GUESTS. TORRIJOS, ESPECIALLY, SPENT CONSIDERABLE TIME TALKING WITH U.S. BUSINESS EXECUTIVES THROUGH AN INTERPRETER. THERE WAS A DISTINCT FEELING OF EUPHORIA BY THE PANAMANIAN LARGELY DUE TO THEIR NEW TREATY WITH THE U.S. NORTHVILLE LOST NO RPT NO TIME IN DEMONSTRATING GOOD CORPORATE CITIZENSHIP (REF C) BY BRINGING IN MUCH NEEDED LIMITED OFFICIAL USE

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FIELD HOSPITAL EQUIPMENT FOR THE GUAYMI INDIANS LOCATED IN THE CARIEN AREA. THIS WILL BE THE SUBJECT OF A SEPARATE REPORT SHORTLY.

JORDEN

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